

## GLOSSARY

<u>Annual Budget:</u>	The annual budget forecasts revenues and outlines expenditures planned for the current fiscal year.
<u>Appropriation:</u>	An authorization by the City Council to spend money for a specific purpose.
<u>Appropriated Fund Balance:</u>	The amount of fund balance appropriated as a revenue source for the current fiscal year.
<u>Assessed Valuation:</u>	The total value of real and personal property in the City. The assessed valuation is used as the basis for levying property taxes.
<u>Associated Revenues:</u>	Associated revenues include user fees, licenses and permits, and intergovernmental revenues which are associated with a particular City department.
<u>Authorized Position(s):</u>	Positions authorized by the City Council to perform specific duties within a City department. Salaries and benefits of authorized positions are budgeted in the department the authorized position is assigned to.
<u>Bond:</u>	The City sells bonds to finance major capital projects. A bond is a written promise to pay back the amount of bonds sold plus interest within a specified period of time. General Obligation bonds require voter approval and are secured by the City's full faith, credit, and taxing power. Revenue bonds do not require voter approval and are backed by enterprise revenues.
<u>Bond Rating:</u>	A bond rating is an evaluation of the credit risk associated with a particular bond issue. Bond ratings range from AAA (extremely strong capacity to pay interest and repay principal) to D (currently in default). A higher bond rating results in a lower interest rate, thus reducing the cost of a capital project financed with bonds. The City of Durham currently has a AAA rating.
<u>Budget Ordinance:</u>	The legal document adopted by the City Council which outlines the annual spending plan and anticipated revenues for City government for the fiscal year.
<u>Capital Improvement Program (CIP):</u>	A long range plan which outlines proposed capital projects and estimates the costs and funding sources associated with capital projects.
<u>Capital Outlay:</u>	Capital outlay includes budgeted expenditures of at least \$1,000 for tangible items with a useful life of at least one year.
<u>Capital Project:</u>	Capital projects are major City projects with estimated costs of at least \$100,000 and a useful life of several years. Capital projects generally include acquisition of property, construction of City facilities, or acquisition of major equipment.
<u>Capital Projects Fund:</u>	A fund used to account for revenues and expenditures associated with capital projects.
<u>Certificates of Participation:</u>	An accepted alternative financing mechanism in which certificates are sold to investors to finance capital projects. Principal and interest on Certificates of Participation are paid back within a specified period of time. Certificates of Participation do not require voter approval and are generally secured by the project financed.
<u>Charges for Current Services:</u>	Charges to individuals, corporations, and other units of government for services performed by City departments.

<u>Contingency:</u>	Funds reserved in the General Fund or Water and Sewer Fund for unanticipated expenditures during the fiscal year. Contingency funds are appropriated as necessary by the City Council.
<u>Debt Service:</u>	The payment of principal and interest to creditors on outstanding debt.
<u>Encumbrance:</u>	A financial commitment to pay for goods and services that have not yet been delivered.
<u>Enterprise Fund:</u>	A fund used to account for operations in which the cost of providing services are financed or recovered primarily through user charges.
<u>Enterprise Revenue:</u>	Enterprise revenue is generated by user charges for City provided services.
<u>Expenditure:</u>	An amount paid by the City for a specific good, service, program, or project.
<u>Fiduciary Fund:</u>	A fund used to account for assets held by the City in a trustee capacity.
<u>Fiscal Year (FY):</u>	The twelve-month period to which the annual operating budget applies. The fiscal year for the City of Durham begins on July 1 and ends on June 30.
<u>Fringe Benefits:</u>	Funds budgeted in the Personal Services budget category for the City's contribution for employee benefits. Fringe benefits include such items as social security, retirement, and health, dental, and life insurance.
<u>Fund:</u>	A fiscal and accounting entity with a self-balancing set of accounts segregated to carry out specific activities.
<u>Fund Balance:</u>	The difference between the accumulated revenues and expenditures for a particular fund.
<u>General Fund:</u>	The General Fund is the principal operating fund for City government. The General Fund is used to account for all City government activities except those activities with a legal, contractual, or managerial requirement to be accounted for in a separate fund. The General Fund provides resources for the functional areas of general government, development, public protection, general services, parks and recreation, and for non-departmental expenditures.
<u>Indirect Costs:</u>	The portion of the total cost of a program which is provided by and budgeted in another department or division. Indirect costs are budgeted to more accurately reflect the true cost of a program.
<u>Interfund Transfer:</u>	A transfer from one fund to another fund to either subsidize the activities in that fund or make payment for services provided through that fund.
<u>Internal Service Fund:</u>	A fund used to account for the financing of goods or services provided by one City department for other City departments.
<u>Intragovernmental Revenue:</u>	Revenues received by one City department for services provided to another City department.
<u>Investment Income:</u>	The interest earned on the City's various investments. City funds are generally invested in U.S. Treasury Notes, Government Agencies, bankers' acceptances, commercial paper, the North Carolina Cash Management Trust Fund, and the State and Local Asset Management Fund.
<u>Intergovernmental Revenues:</u>	Revenue received by the City from federal, state, and county government in the form of grants, shared revenues, or entitlements.

<u>Lease-Purchase Agreement:</u>	An alternative method of financing the acquisition of property, construction of City facilities, or acquisition of major equipment. Lease-purchase agreements allow the City to spread the costs of property, facilities, or equipment over a specified period of time.
<u>Licenses and Permits:</u>	Revenue received by the City from individuals and corporations for the issuance of various licenses and permits.
<u>Nondepartmental:</u>	Nondepartmental appropriations include appropriations which are not attributable to a specific department, contributions to non-city agencies, debt service payments, and transfers to other funds.
<u>Operating Expenses:</u>	Funds budgeted for day to day expenses that are necessary to support the City's services and programs. Operating expenses include such items as telephone charges, electrical service, office supplies, gasoline, uniforms, asphalt, etc. Operating expenses do not include salaries and wages, fringe benefits, capital outlay, and other expenses.
<u>Other General Fund Resources:</u>	The amount of a department's budget that is not funded by associated revenues. Other General Fund Resources consist of property taxes, sales taxes, and other revenue not attributable to a specific department's activities.
<u>Other Local Taxes:</u>	Other local taxes include taxes collected by the State of North Carolina and distributed to local governments. Examples of other local taxes are local option sales tax, intangibles tax, and the hotel/motel occupancy tax.
<u>Personal Property:</u>	Personal property includes visible and movable property not permanently affixed to real property. Examples of taxable personal property include automobiles, boats, trailers, and equipment.
<u>Property Tax:</u>	A tax levied on the assessed value of real and personal property. The property tax rate is expressed as a dollar value per \$100 of assessed valuation.
<u>Personal Services:</u>	Funds budgeted for full time employee salaries, part-time employee salaries, and contractual personal services. Also includes budgeted funds for fringe benefits, retirement plan and longevity.
<u>Real Property:</u>	Real property includes land, buildings, and items permanently affixed to land or buildings.
<u>Rental Income:</u>	Revenue generated by the leasing of various City-owned properties.
<u>Reserve:</u>	An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark funds for a specific purpose in the future.
<u>Revenue:</u>	All funds that the City receives as income. Revenues include property taxes, other local taxes, user fees, intergovernmental revenues, fines, investment income, and rental income.
<u>Special Revenue Fund:</u>	A fund used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.
<u>Tax Base:</u>	The total assessed valuation of real and personal property in the City.
<u>Tax Levy:</u>	The total amount of property tax revenue expected to be generated during a fiscal year. The tax levy is a function of the total assessed valuation and the property tax rate.